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ADMINISTRATIVE AND FINANCIAL MATTERS

Note by the Executive Secretary

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I. INTRODUCTION

A. Mandate

1. Rule 10 (e) of the draft rules of procedure being applied (FCCC/CP/1996/2) provides that the provisional agenda of each session shall include, as appropriate, the proposed budget as well as all questions pertaining to the accounts and financial arrangements.

2. The Conference of the Parties, at its third session (COP 3), requested the Executive Secretary:

(a) To submit to the Conference of the Parties at its fourth session, through the Subsidiary Body for Implementation (SBI), an initial report on financial performance in 1998 (decision 16/CP.3, para. 4);[1] and

(b) To continue discussion with the United Nations regarding administrative arrangements for the Convention, and to inform the Conference of the Parties, through the SBI, as appropriate, of any significant developments (decision 17/CP.3, para. 2).

3. At its eighth session, the SBI, after considering the information contained in FCCC/SBI/1998/4, made a number of recommendations that require the approval of the Conference of the Parties at its fourth session (COP 4), including one pertaining to the revision of the indicative scale of contributions to the core budget of the Convention. In this context, the SBI requested the secretariat to prepare a draft omnibus decision on administrative and financial matters for consideration by COP 4 (FCCC/SBI/1998/6).

B. Scope of the note

4. This document responds to the requests noted above, as follows:

(a) Section II contains reports on initial financial performance in 1998 for all four UNFCCC trust funds, namely, the Trust Fund for the Core Budget of UNFCCC; the Trust Fund for Participation in the UNFCCC Process; the Trust Fund for Supplementary Activities and the Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund);

(b) Section III deals with personnel matters. It reports on the progress made so far in classifying, advertising and filling the posts in the secretariat;

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[1] For the full text of decisions adopted by the Conference of the Parties at its third session, see document FCCC/CP/1997/7/Add.1.

(c) Section IV contains a progress report on discussions with the United Nations on the review of administrative arrangements of the Convention; and

(d) The recommended modality for determining the indicative scale of contributions, including a table indicating the actual percentage payable by each Party based on the new scale as well as the subsequent amendment of the financial procedures (decision 15/CP.1),[2] is reviewed in section V.

5. This document should be read in conjunction with the other documents relating to administrative and financial matters prepared for the Conference:

(a) An addendum to this document containing an update on developments concerning the review of administrative arrangements and the text of the draft omnibus decision on administrative and financial matters requested by the SBI (FCCC/CP/1998/8/Add.1);

(b) The final audited financial statements for the biennium 1996-1997 and the audit report of the United Nations Board of Auditors (FCCC/CP/1998/9);

(c) The full text of the report of the United Nations Office of Internal Oversight Services of the secretariat in 1997 and 1998 (FCCC/CP/1998/INF.1);

(d) Excerpts from, or summaries of, the reports of the internal and external auditors along with comments from the secretariat (FCCC/CP/1998/10); and

(e) A report on the status of receipt of contributions to the UNFCCC trust funds (FCCC/CP/1998/INF.6).

C. Possible action by the Conference of the Parties

6. The Conference of the Parties may wish to refer this item to the SBI with a request to recommend a draft omnibus decision to COP 4 for adoption, taking account of the draft by the secretariat.

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[2] For the full text of decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

II. FINANCIAL PERFORMANCE IN 1998

A. Trust Fund for the Core Budget of UNFCCC

1. Budget

7. By its decision 15/CP.3, COP 3 approved a core budget of $21,346,000 for the biennium 1998-1999 for UNFCCC, including the post-Kyoto contingency, which was re-apportioned by the SBI at its eighth session as follows:

1998	$ 9,645,300
1999	$11,700,700
Biennium total:	$21,346,000

2. Contributions

8. As at 1 August 1998, contributions to the UNFCCC core budget trust fund received this year amounted to $6,172,160. Of this total, $309,861 refers to advance partial payments made by Parties for their 1999 contributions. The paid contributions with respect to 1998 therefore amounted to $5,862,299 or 66 per cent of the total for the year. This represents contributions paid in full or in part by 55 Parties or 32 per cent of the total number of Parties to the Convention. (An update on the status of contributions as at 15 October 1998 can be found in document FCCC/CP/1998/INF.6.)

3. Carry-over balance

9. Any funds remaining unspent at the end of a biennium are carried over into the new biennium. This "carry-over balance" is also augmented by the payment of contributions that are in arrears from prior bienniums. In the case of UNFCCC, the carry-over balance can, at this point, be traced to two primary sources - late payment of contributions and a high vacancy rate for posts.

10. The secretariat, in 1996-1997, managed its funds on the basis of contributions received rather than contributions expected. As this was the first Convention budget period, there was insufficient experience with cash flow to do otherwise. Consequently, the secretariat exercised prudence before entering into long-term financial obligations. The late payment of contributions within the biennium and even after it had ended, taken with this prudent approach, acted as a brake on expenditures.

11. The net result of these influences is that $2,744,959 of 1996-1997 funds was carried over into the 1998-1999 biennium. This amount has since been supplemented by a further $542,123 in contributions received after the close of the biennium. These funds, having

resulted in large part from the late payment of contributions, have turned out to be the cushion that was needed to allow the secretariat to operate in an environment of financial stability and continuity. It has been possible to plan and implement the programme of work from the beginning of the year without having to wait for contributions to be paid, including the launch of intensive efforts to fill vacant posts.

12. Looking to the future, the fact that the secretariat is making major strides in filling its posts will mean that in future years the cash flow requirements at the beginning of the year, when contributions have traditionally been slow to arrive, will be significantly in excess of the funds available in the working capital reserve. Thus, the funds available in the "carry-over balance" can be seen as an important guarantee of the financial stability of the secretariat.

13. Parties may wish to consider approaches to dealing with the carry-over balance. One option would be to credit the full amount to Parties against upcoming contributions. This would have the effect of rewarding late-payers at the expense of the Convention process and jeopardizing the financial stability of the secretariat. An alternative approach would be to defer a decision on the crediting of these amounts to Parties until there is more experience with the financing of the Convention budget and to begin to consider what might be a comfortable level of cash that should be maintained at the beginning of each biennium for the initiation of the secretariat's work programme. In this way, the carry-over balance, which has arisen from the late payment of contributions, can be the source of a solution to the cash flow problem that results from the situation. This cushion will be increasingly important as the secretariat moves to full occupancy of posts and the flexibility currently afforded by savings from vacant posts is lost.

4. Expenditures

14. Direct expenditures through 1 August 1998, plus estimated expenditures to the end of the year, are expected to total $7,213,180 (excluding the administrative support charge and the working capital reserve), an amount equivalent to approximately 85 per cent of the corresponding total approved by COP 3 for core budget activities (see decision 15/CP.3). Although contributions received currently total only 66 per cent, based on past experience it is expected that 85 per cent of the contributions for the year will be paid. Tables 1 (a) and 1 (b) contain breakdowns of expenditures, recorded by programme and object of expenditure respectively, along with estimated expenditures for the balance of 1998.

(a) Expenditures by programme

15. At its eighth session, the SBI endorsed the Executive Secretary's proposed deployment of the post-Kyoto contingency resources as well as the reallocation of the core budget resources as necessary and within the 15 per cent limit between the programmes. To this end, the Executive Secretary has allocated limited additional funds from the budget to the Resources, Planning and Coordination programme to cover additional requirements for administrative services, with the expectation that these will be refunded to the core budget when additional

overhead funds are provided by the United Nations. Until such resources are received, that programme is shown as slightly exceeding its allocated budget for the year, which will easily be covered from the savings realized under the other programmes.

16. At this stage, the secretariat does not intend to seek additional resources for this biennium. However, should significant new work be required arising from the deliberations of the subsidiary bodies and the COP, some activities would have to be postponed or new funds would have to be provided or authorized to cover the costs. For example, the secretariat informed the Ad Hoc Group on Article 13 that there is no provision in the programme budget for the year 1999 to cover work related to meetings of the proposed multilateral consultative committee (see FCCC/CP/1997/INF.1, section II.C(i)). The financial implications of this and other proposals would need to be considered by the COP.

Table 1 (a): Estimated expenditures in 1998 by programme
(United States dollars)

Programme	Approved budget	Estimated expenditures	%
Executive Direction and Management	621,300	572,540	92
Science and Technology	2,338,800	1,746,070	75
Implementation	2,392,800	2,125,270	89
Conference and Information Support	1,500,100	1,088,300	80
Resources, Planning and Coordination	1,600,000	1,681,000	105
Total	**8,453,000**	**7,213,180**	**87**

(b) Expenditures by object of expenditure

17. As indicated in table 1 (b), the staff costs are expected to amount to $4,587,830, being 75 per cent of the budgeted amount for the same purpose. Although the vacancy rate was high at the beginning of the year, the gaps in the secretariat's staff were filled largely by short-term staff members and consultants. This may lead to a higher expenditure than originally estimated for consultancy. However, it is expected that the overall expenditures on personnel will still be less than the approved level owing to the continuing process to fill vacant posts. Information on the progress in filling vacant posts in the secretariat is reported in paragraph 56 below.

18. The expenditures for travel of participants are also expected to be higher than budgeted owing to an underestimation of the costs for travel of experts participating in in-depth reviews of national communications from Annex I Parties.

Table 1 (b): Estimated expenditures in 1998 by object of expenditure
(United States dollars)

Object of expenditure	Budgeted amount	Estimated expenditures	%
Staff costs	6,086,800	4,587,830	75
Consultants	355,000	531,450	150
Travel of participants	285,000	353,700	124
Travel of staff	412,500	412,500	100
General operating expenses	963,700	977,700	101
Grants and contributions	350,000	350,000	100
Total	**8,453,000**	**7,213,180**	**85**

5. Programme delivery

19. All secretariat programmes dedicated considerable management and staff time in the first half of 1998 to putting the secretariat's administrative house in order. The heavy meeting schedule in 1997 and preparations for COP 3 meant that such tasks had previously been neglected. Consequently major efforts were required in 1998 to revise job descriptions, develop work plans, implement the United Nations Performance Appraisal System, and develop administrative policies and procedures. In addition, significant management time is being invested in the recruitment of new staff to fill vacant posts.

20. The following reports on programme delivery refer to both core and supplementary funds and cover work to 1 August 1998.

(a) Executive Direction and Management

21. The head of the secretariat provided overall guidance to the work of the secretariat in its support to the Convention institutions, in particular in the following new areas:

- Implementing the new programme structure of the secretariat as from 1 January 1998;
- Developing and implementing the personnel policy of the secretariat which entered into force on 30 March 1998;
- Developing policies and procedures for the use of supplementary funds.

The Executive Secretary participated as a member in the Secretary-General's Task Force on Environment and Human Settlements and in the preparation of its report, as well as carrying out representational functions at numerous events.

(b) Science and Technology Programme

22. The Science and Technology programme coordinated secretariat support for the Subsidiary Body for Scientific and Technological Advice (SBSTA). It prepared documentation for Parties on matters before the SBSTA, as well as on those matters addressed jointly with the SBI, including compilations of views submitted by Parties. This documentation concerned ongoing issues in the Convention process, for example, methodological issues, activities implemented jointly (AIJ) under the pilot phase, the development and transfer of technologies and cooperation with relevant international organizations. It further covered matters arising from decision 1/CP.3 on the adoption of the Kyoto Protocol, such as land-use change and forestry and the mechanisms referred to in Articles 6, 12 and 17 of the Protocol.

23. In response to interest expressed by the Chairmen of the SBSTA and the SBI, the secretariat convened an inter-organizational meeting prior to the eighth sessions of the subsidiary bodies to collect information on the activities and plans of intergovernmental and non-governmental organizations with particular expertise or interest in the three mechanisms defined in the Kyoto Protocol. An oral report was made to a joint meeting of the SBSTA and the SBI at their eighth sessions.

24. In addition to participating in workshops and meetings at expert level and providing substantive input to these, the secretariat is planning three workshops of its own for the period up to COP 4: two on project-related mechanisms (14-16 September 1998 and 17-18 September 1998, Abidjan, Côte d'Ivoire) and another, jointly organized with the Intergovernmental Panel on Climate Change (IPCC), on land-use change and forestry issues arising from the Kyoto Protocol (24-25 September 1998, Rome).

25. The secretariat has continued its regular communication and coordination with the IPCC and its parent bodies, the World Meteorological Organization and the United Nations Environment Programme, as well as with other organizations in the Climate Agenda, through, for example, participation in meetings of the IPCC and provision of support to the Joint Working Group of the IPCC and the Convention. It has also established cooperative contacts with the Intergovernmental Forum on Forests, the International Geosphere-Biosphere Programme, the International Human Dimensions Programme and the Food and Agriculture Organization of the United Nations.

26. The secretariat has expanded the AIJ module on its Web site, regularly updating the list of projects in line with new information received. It has also established an electronic network for the exchange of information on meetings on the mechanisms (list-serve). A new technology

module was further added to the secretariat Web site, and the secretariat also plans to publish the roster of experts electronically.

(c) Implementation programme

27. The Implementation programme coordinated secretariat support for the SBI. It prepared documentation for the SBI as well as for the SBSTA, including compilations of views submitted by Parties. This documentation concerned ongoing issues in the Convention process related to the financial mechanism and national communications by Annex I and non-Annex I Parties. Documentation was also prepared and support provided to the Ad Hoc Group on Article 13 to enable the Group to complete its work.

28. The first round of the in-depth reviews of national communications from Annex I Parties was completed. Thirteen in-depth reviews of second national communications were undertaken, including country visits, and 10 national communications were circulated. Steps were taken to receive additional nominations of government experts for participation in the in-depth reviews.

29. The secretariat has participated in 10 regional/inter-regional workshops dealing with different issues related to the preparation of initial national communications and has organized four special events regarding capacity-building needs of non-Annex I Parties. In its aim to assist non-Annex I Parties, a training package on "The Preparation of Initial National Communications" is to be made available to Parties, in English, French and Spanish, by the end of 1998. Also, the secretariat has continued to disseminate information electronically and to follow up the implementation of the CC:INFO Web initiative (national Web sites). The secretariat is also organizing a workshop on emission factors and activity data in Havana, Cuba, with the objective of assisting non-Annex I Parties to improve their inventories of greenhouse gas emissions. This is the first activity in the process of developing a forum for the exchange of experience on emission factors and activity data.

30. Pursuant to a conclusion of the SBI at its eighth session (FCCC/SBI/1998/6, para. 28 (b)), the secretariat organized a workshop in Kuala Lumpur on the process for the consideration of national communications from non-Annex I Parties.

31. The secretariat has continued its participation in the Global Environment Facility (GEF) Operations Committee, the GEF Climate Change Task Force and the Scientific and Technical Advisory Panel. The secretariat is co-chairing the Advisory Implementation Committee of the National Communications Support Programme, approved by the GEF Council in March 1998. Following the recommendations of the GEF Assembly, the secretariat has also been participating in a consultative process under the GEF framework to identify possibilities of improving determination of incremental costs.

32. Preparation of the compilation and synthesis of second national communications from Annex I Parties was undertaken. Experts from seven institutions participated in the exercise

from the Organisation for Economic Co-operation and Development, the International Energy Agency, the Asian Energy Institute, the Centre for Energy, Environment Science and Technology and the Latin American Energy Organization. The secretariat is also coordinating a group on the development of global data relevant to the Convention.

33. The secretariat participated in and provided substantive inputs to workshops and meetings, including to the Committee on Trade and Environment of the World Trade Organization. Inputs were also provided to an expert group meeting on compliance and dispute settlement.

(d) Conference and Information Support programme

34. The Conference and Information Support programme provided the Convention bodies with the services and support necessary for the convening of official sessions and provided an information system and information technologies to the secretariat and to the Convention process through the UNFCCC Web site. Preparatory work to better respond to Article 6 of the UNFCCC was carried out, including a workshop during the June sessions of the subsidiary bodies.

35. The secretariat arranged for suitable facilities for the June meetings of the subsidiary bodies, coordinated the editing and submission of documentation and liaised with the Conference Services Division of the United Nations Office at Geneva to ensure effective support for all sessions. It maintained regular contacts with Parties through national focal points and diplomatic missions and facilitated participation in the meetings of Convention bodies. Planning activities for COP 4 and related preparations have also started.

36. The secretariat maintained and further developed the secretariat's computer and electronic communications systems, provided the technical capacity necessary to respond to demands from the Parties for documentation and information, and developed and produced a range of information products and materials. This included providing participants with computer facilities during the meetings of the subsidiary bodies in June 1998, and the further development of on-line services on the World Wide Web (http://www.unfccc.de).

37. Booklets of the Kyoto Protocol and relevant COP decisions were printed in English, French, and Spanish, and distributed as needed. Other United Nations language versions will be available soon. The UNFCCC library provides a comprehensive collection of the official documents of the Convention, as well as related published and unpublished documentation.

(e) Resources, Planning and Coordination programme

38. The Resources, Planning and Coordination programme provided substantive support to the Bureau of the COP. This included organizing meetings in March 1998 and during the

June 1998 session, preparing background notes and materials, and assisting the Presidency in conducting informal consultations on the election of officers and the rules of procedure.

39. The secretariat oversaw the finalization of the authentic text of the Kyoto Protocol, and all associated reviews. It also assisted the United Nations Office of Legal Affairs in preparing for the opening of the Protocol for signature on 16 March 1998.

40. In preparation for the fourth session of the COP, the secretariat provided the SBI with support and documentation for its consideration of COP-related items. It also worked closely with the Conference and Information Support programme in planning and making initial arrangements for COP 4. This included providing a legal review of the draft host country agreement.

41. Finally, the programme led the secretariat's efforts to coordinate the activities of its various programmes and to improve its planning process. The secretariat also sought to advance the Convention's interests in various coordination mechanisms within the United Nations system.

42. The Financial Management and Administration subprogramme, with assistance from the United Nations Office at Geneva, continued to provide the secretariat with all services in the areas of recruitment and personnel administration, budgeting and financial planning and control, procurement and general services, and travel arrangements for staff and participants to the COP, subsidiary bodies, workshops and informal consultations.

43. In particular, the subprogramme has assisted the Executive Secretary in the preparation of the official documents for the COP and the SBI and in developing the "Personnel Policy in the UNFCCC secretariat: Appointment and Career Development". In addition, it spearheaded the classification of all established posts based on the new organizational structure effective 1 January 1998 and the regularization and confirmation, against vacant posts, of staff who have been working for the secretariat on short-term contracts during the last biennium. In addition, efforts are beginning to be directed towards the design, development and implementation of an information system to automate the subprogramme's activities.

B. Trust Fund for Participation in the UNFCCC Process

44. As at 1 August 1998, contributions received for this year amounted to $954,949. Together with the balance of $1,170,117 from 1996-1997, the total income currently available to support participation in 1998 amounts to $2,125,066.

45. Expenditures to cover participation costs of 84 delegates from Parties eligible for financial support to attend the sessions of the subsidiary bodies in Bonn in June 1998 amounted to $320,000. In addition, support for attendance at relevant meetings was provided for members of the Bureau of the COP from Parties eligible for financial support.

46. It is envisaged that at least one delegate from each of the 147 eligible Parties will be provided with financial support to attend COP 4. A second participant will be financed from each of the least developed countries and small island developing States.

47. As indicated in document FCCC/SBI/1998/4, those Parties which are not least developed countries or small island developing States and which would normally be eligible for financial support to participate in the meetings of the Conference of the Parties and its subsidiary bodies, but which have not yet paid their 1996-1997 contributions, will not be considered for funding from the Trust Fund for Participation.

C. Trust Fund for Supplementary Activities

48. In addition to the $1,027,400 carried forward from the previous biennium, the secretariat has received contributions for supplementary activities totalling $1,355,567 in 1998, making a total income of $2,382,967. The secretariat's ability to plan and spend supplementary funds effectively in 1997 was severely constrained by the heavy schedule of meetings and preparation for COP 3. This resulted in the large carry-over of funds into 1998.

49. To better manage these funds, the Executive Secretary has established a Project Funding Group made up of senior staff members representing each programme. The function of this group is to monitor the use of supplementary funds by screening projects for the approval of the Management Group.

50. So far this year, four projects have been approved at a total cost of $1.1 million. One project will ensure that an information and outreach support team is in place to deliver basic information support functions to the secretariat, to Parties and to the public and will facilitate and promote the exchange of information among Parties and between Parties and the secretariat and other recognized constituencies. A second project will support problem-solving and promote the exchange of experience among non-Annex I Parties in the process of preparing their initial national communications and build their understanding of the information necessary for the preparation and submission of national communications as included in the guidelines (see decision 10/CP.2). One other project will implement a UNFCCC fellowship programme that aims to contribute to building capacity in connection with climate change in non-Annex I Parties through the development of local professional expertise, and another will enhance the capacity of the Office of the Executive Secretary to raise and manage supplementary funds.

51. In addition, this fund has been used to finance work related to AIJ under the pilot phase and additional activities emerging as the result of Articles 6, 12 and 17 of the Kyoto Protocol and to cover travel costs of additional experts from non-Annex I Parties to participate in the in-depth review of national communications from Annex I Parties.

D. Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

52. As part of its offer to host the secretariat in Bonn, the Government of Germany pledged a special annual contribution to UNFCCC to offset the costs primarily of organizing meetings and events in Germany. During the biennium 1996-1997, this contribution was accounted for as part of the Trust Fund for Supplementary Activities. Starting from January 1998, however, the Bonn Fund was established under a different account pursuant to decision 17/CP.3. The full amount of DM 3.5 million has been received for 1998. The timely payment of these funds in accordance with the bilateral arrangements betweer the Government of Germany and the Convention secretariat, has helped to ensure the smooth organization of intergovernmental meetings in Bonn.

53. Approximately DM 2.1 million, or 60 per cent of the 1998 Bonn Fund, will be spent on conference facilities and staff support as well as on the processing of documents, about DM 0.42 million, or 12 per cent, for information services and DM 0.54 million, or 15 per cent, for informal meetings and workshops in Bonn or in developing countries. The remaining 13 per cent is charged by the United Nations for administrative support.

III. PERSONNEL

A. Established posts

54. By its decision 15/CP.3, the COP approved 57 posts under the core budget for 1998, of which 36 are in the Professional category and above (P/D), and 21 in the General Service (GS) category. Contracts of two years' duration are offered for these posts. In addition, the Executive Secretary has created a number of posts under the Bonn Fund and the Trust Fund for Supplementary Activities. These posts are normally subject to one-year contracts. The United Nations has also approved 2 P and 5 GS posts payable from the overhead funds. Thus, the total number of established posts in the secretariat currently stands at 45 P/D and 34 GS. Table 2 (a) provides details on these posts by level and source of funds.

55. In view of the changes in the organizational structure and in the work programme, new or updated job descriptions were drawn up for all posts in the secretariat in 1998. Each post was evaluated and then classified by the United Nations to confirm the level. This process, launched early in 1998 and implemented in parallel with the development of a new policy on appointment and career development, resulted in a postponement of recruitment action until late April/early May 1998. The time it took to complete the classification exercise, and to advertise and fill vacant posts, altered the planned expenditures for the first half of 1998, as explained in paragraph 17 of this report.

B. Filling of vacancies

56. As of 1 January 1998, 66 per cent of core budget Professional posts and 53 per cent of those in the General Service category were occupied, with a large number of temporary staff filling the breach. By 31 July 1998 the occupancy level had risen to 74 per cent in both categories. Based on recruitment action currently under way, it is anticipated that 95 per cent of core budget posts will be filled by the end of the year. With regard to the Bonn Fund and the overhead posts, the occupancy rate is expected to reach 88 and 100 per cent, respectively, by December 1998. The high proportion of vacancies in the supplementary-funded posts is explained by the fact they were only created in July 1998, with recruitment action under way.

Table 2 (a): Comparison of established posts and filled posts in 1998 by source of funding
(as at 1 August 1998)

					Total	
	Core	**Supplementary**	**Bonn Fund**	**Overhead**	**Established**	**Filled**
ASG	1				1	1
D-2	2				2	1*
D-1	4				4	4
P-5	6	1		1	8	6
P-4	8		1	1	10	8
P-3	10	1	1		12	8
P-2	5	2	1		8	3
Subtotal	36	4	3	2	45	31
GS	21	2	6	5	34	25
Total	**57**	**6**	**9**	**7**	**79**	**56**

*Action has been taken to appoint the second D-2.

IV. ADMINISTRATIVE ARRANGEMENTS

57. Since the establishment of the permanent secretariat on 1 January 1996, the United Nations has provided it with administrative support services in accordance with the Secretary-General's note on institutional arrangements for the permanent secretariat (FCCC/CP/1995/5/Add.4), which was provisionally accepted by the Conference of the Parties at its first session (see decision 14/CP.1 para. 3).

58. Under these arrangements, administrative functions are performed partly by the United Nations, through the United Nations Office at Geneva, and partly by the Financial Management and Administration subprogramme of the secretariat. However, it was foreseen that the arrangements would evolve to cover the administrative needs resulting from the decentralized functioning of the secretariat in Bonn. As the secretariat has expanded and its needs have become more complex, it has become evident that it must undertake more administrative responsibilities.

59. The Executive Secretary and the United Nations Office at Geneva undertook a detailed review of the administrative arrangements in July a ıd August of 1998. It was concluded that UNFCCC should assume responsibility for all administrative, financial, personnel and procurement functions, in a phased and planned manner, with the exception of a few areas that require the involvement of administrative bodies established by the Secretary-General. The joint report by the Office and UNFCCC is currently under consideration by the Department of Administration and Management of United Nations Headquarters.

60. More information on progress made in this administrative review, including on the allocation of programme support funds, is provided in document FCCC/CP/1998/8/Add.1.

V. REVISED SCALE OF CONTRIBUTIONS

61. Following the General Assembly resolution to revise the United Nations scale of assessment (resolution 52/215 of 22 December 1997), the SBI, at its eighth session, considered the modalities to be used in determining the indicative scale of contributions to the core budget of the Convention. After reviewing the various options presented by the Executive Secretary, the SBI decided to recommend to COP 4 that the scale of contributions should be based on the new United Nations scale of assessment and follow the principle that all Parties should contribute to the Convention budget (FCCC/SBI/1998/6, para. 75). The annex to this document provides the revised indicative scale of contributions for each Party in 1998 and 1999.

62. The SBI also recommended that the financial procedures be amended to reflect the new modality. The financial procedures, as contained in decision 15/CP.1, annex I, paragraph 7 (a) of document FCCC/CP/1995/7/Add.1, should read: "Contributions made each year by Parties on the basis of the indicative scale adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly, adjusted so as to ensure that no Party contributes less than 0.001 per cent of the total; that no one contribution exceeds 25 per cent of the total; and that no contribution from a least developed country Party exceeds 0.01 per cent."

63. These provisions are reflected in the draft omnibus decision on administrative and financial matters contained in the addendum to this document.

Annex

INDICATIVE SCALE OF CONTRIBUTIONS TO THE CORE BUDGET OF UNFCCC: 1998-1999

Party	Indicative scale	
	1998	1999
Albania	0.003	0.003
Algeria	0.112	0.09
Antigua and Barbuda	0.002	0.002
Argentina	0.74	0.984
Armenia	0.026	0.011
Australia	1.417	1.424
Austria	0.901	0.904
Azerbaijan	0.058	0.021
Bahamas	0.014	0.014
Bahrain	0.017	0.016
Bangladesh	0.01	0.01
Barbados	0.008	0.008
Belgium	1.056	1.06
Belize	0.001	0.001
Benin	0.002	0.002
Bhutan	0.001	0.001
Bolivia	0.008	0.007
Botswana	0.01	0.01
Brazil	1.459	1.413
Bulgaria	0.043	0.018
Burkina Faso	0.002	0.002
Burundi	0.001	0.001
Cambodia	0.001	0.001
Cameroon	0.013	0.012
Canada	2.722	2.646
Cape Verde	0.001	0.002
Central African Republic	0.002	0.001
Chad	0.001	0.001
Chile	0.109	0.126
China	0.868	0.935
Colombia	0.104	0.105
Comoros	0.001	0.001
Congo	0.003	0.003
Cook Islands	0.001	0.001
Costa Rica	0.016	0.015
Côte d'Ivoire	0.012	0.009
Croatia	0.054	0.035
Cuba	0.038	0.025
Cyprus	0.033	0.033
Czech Republic	0.163	0.116
Democratic People's Republic of Korea	0.03	0.018
Democratic Republic of the Congo	0.008	0.007

Party	Indicative scale	
	1998	1999
Denmark	0.662	0.664
Djibouti	0.001	0.001
Dominica	0.001	0.001
Ecuador	0.021	0.019
Egypt	0.066	0.062
El Salvador	0.012	0.012
Eritrea	0.001	0.001
Estonia	0.022	0.014
Ethiopia	0.007	0.006
European Community	2.5	2.5
Fiji	0.004	0.004
Finland	0.518	0.521
France	6.256	6.285
Gabon	(new Party)	0.014
Gambia	0.001	0.001
Georgia	0.056	0.018
Germany	9.277	9.425
Ghana	0.01	0.007
Greece	0.355	0.337
Grenada	0.001	0.001
Guatemala	0.018	0.017
Guinea	0.003	0.003
Guinea-Bissau	0.001	0.001
Guyana	0.001	0.001
Haiti	0.002	0.002
Honduras	0.004	0.003
Hungary	0.115	0.115
Iceland	0.031	0.031
India	0.294	0.287
Indonesia	0.167	0.177
Iran (Islamic Republic of)	0.292	0.185
Ireland	0.215	0.215
Israel	0.317	0.332
Italy	5.196	5.22
Jamaica	0.006	0.006
Japan	17.322	19.203
Jordan	0.008	0.006
Kazakhstan	0.119	0.063
Kenya	0.007	0.007
Kiribati	0.001	0.001
Kuwait	0.148	0.129
Lao People's Democratic Republic	0.001	0.001

Party	Indicative scale	
	1998	1999
Latvia	0.044	0.023
Lebanon	0.015	0.015
Lesotho	0.002	0.002
Liechtenstein	0.005	0.006
Lithuania	0.043	0.021
Luxembourg	0.064	0.065
Malawi	0.002	0.002
Malaysia	0.162	0.173
Maldives	0.001	0.001
Mali	0.003	0.002
Malta	0.013	0.013
Marshall Islands	0.001	0.001
Mauritania	0.001	0.001
Mauritius	0.009	0.009
Mexico	0.907	0.942
Micronesia (Federated States of)	0.001	0.001
Monaco	0.003	0.004
Mongolia	0.002	0.002
Morocco	0.039	0.039
Mozambique	0.002	0.001
Myanmar	0.009	0.008
Namibia	0.007	0.007
Nauru	0.001	0.001
Nepal	0.004	0.004
Netherlands	1.56	1.567
New Zealand	0.213	0.212
Nicaragua	0.002	0.001
Niger	0.002	0.002
Nigeria	0.067	0.038
Niue	0.001	0.001
Norway	0.583	0.586
Oman	0.048	0.049
Pakistan	0.058	0.057
Panama	0.015	0.012
Papua New Guinea	0.007	0.007
Paraguay	0.013	0.013
Peru	0.082	0.091
Philippines	0.074	0.077
Poland	0.242	0.199
Portugal	0.355	0.401
Qatar	0.032	0.032
Republic of Korea	0.92	0.955
Republic of Moldova	0.041	0.017
Romania	0.098	0.064
Russian Federation	2.768	1.429
Saint Kitts and Nevis	0.001	0.001

Party	Indicative scale	
	1998	1999
Saint Lucia	0.001	0.001
Saint Vincent and the Grenadines	0.001	0.001
Samoa	0.001	0.001
San Marino	0.002	0.002
Saudi Arabia	0.572	0.547
Senegal	0.006	0.006
Seychelles	0.002	0.002
Sierra Leone	0.001	0.001
Singapore	0.161	0.169
Slovakia	0.051	0.037
Slovenia	0.058	0.059
Solomon Islands	0.001	0.001
South Africa	0.352	0.352
Spain	2.477	2.488
Sri Lanka	0.013	0.012
Sudan	0.009	0.007
Suriname	0.004	0.004
Swaziland	0.002	0.002
Sweden	1.059	1.042
Switzerland	1.17	1.168
Syrian Arab Republic	0.06	0.061
Tajikistan	(new Party)	0.005
Thailand	0.152	0.16
The Former Yugoslav Republic of Macedonia	(new Party)	0.004
Togo	0.002	0.001
Trinidad and Tobago	0.017	0.016
Tunisia	0.027	0.027
Turkmenistan	0.014	0.008
Tuvalu	0.001	0.001
Uganda	0.004	0.004
Ukraine	0.653	0.29
United Arab Emirates	0.171	0.171
United Kingdom	4.89	4.891
United Republic of Tanzania	0.004	0.003
United States of America	25	25
Uruguay	0.047	0.046
Uzbekistan	0.074	0.036
Vanuatu	0.001	0.001
Venezuela	0.226	0.169
Viet Nam	0.01	0.007
Yemen	0.01	0.01
Yugoslavia	0.058	0.033
Zambia	0.003	0.002
Zimbabwe	0.009	0.009
TOTAL	100	100

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